Financial Management Plan

Criteria:-

- Minimum number of creditors needed: 1/2
- Minimum number of lines of credit needed: 2 Minimum
- debt level needed: Approx £1000.00 (can vary for payday loans)
- Maximum debt level needed: Any Duration: Until debts have been repaid in full
- Minimum disposable income needed: £80.00 per month
- Maximum disposable income needed: Less than contractual payments
- Effect on Assets: no direct effect
- Protection of assets: No (no direct loss, also unlikely of any loss)
- Set up costs: 50% of the initial six months payments are retained. Ongoing costs: 18.5% deduction as a management, subject to a minimum of £39.50, to a maximum of £100.00 per month (from month seven).
- Risk to employment: None

Information:-

A financial management plan is an informal arrangement whereby we agree to consolidate a debtor's finances into one payment; we will then distribute the payment on the clients' behalf.

Whilst on the plan the client cannot obtain any more credit and must maintain the payments agreed.

Individual Voluntary Arrangement

Criteria:-

- Minimum number of creditors needed: 2/3
- Minimum number of lines of credit needed: 3
- Minimum debt level needed: Approx £4500-£5000.00
- Maximum debt level needed: Any
- Duration: Generally 60 months, however can sometimes be shorter or extended for an additional 12 months if unable to obtain a remortgage to release the equity required.
- Minimum disposable income needed: £80.00 per month, but at least 15p in every £1.00 owed.
- Maximum disposable income needed: Less than contractual payments

- Effect on Assets: Depends on proposal
- Protection of assets: Yes
- Set up costs: Initial payment is retained for the packaging of the case Ongoing costs: The initial five payments are retained as the nominees fee, then a 15% supervisory fee is payable thereafter.
- Risk to employment: Not normally, however some employments need consideration. E.g. can’t be an IP but a barrister is fine.

Information:-

An IVA is a formal agreement between the debtor and their creditors where the client agrees to repay as much of the debt as possible over a fixed duration. Should the client own any assets, then the equity in these will normally needs to be released for the benefit of the creditors.

A proposal is drawn up on behalf of the client and presented to the creditors. They will then decide to vote on the proposal to either accept or reject the application.

There are certain stipulations that the client will need to agree to; a modest vehicle with a value of no more than £6,000, otherwise they will need to downgrade.

The return must meet 15p in the £1 owed, and if the client owns a property, then they agree to seek a remortgage in the fourth year. Should the client approach two mortgage companies and get rejected, as long as the client is able to provide two letters of rejection, then they will have satisfied the terms, and the arrangement will be extended by an additional twelve months, however, should this happen, the asset will then be ignored.

At the end of the arrangement any debt that has not been repaid is written off with the creditors’ agreement. The clients’ credit file will also be cleared from the insolvency register six years from the start of the arrangement, so generally one year after its completion.